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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 004961

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [MASS](#) [MARR](#) [TW](#)

SUBJECT: STATUS QUO ANTE: TAIWAN LEGISLATURE RETURNS
DEFENSE SPECIAL BUDGET TO "START"

REF: A. TAIPEI 4926

[1](#)B. TAIPEI 4960

[1](#)C. TAIPEI 4920

[1](#)D. TAIPEI 4415

Classified By: AIT Director Douglas H. Paal, Reason(s):
1.4 (B/D)

[1](#)1. (C) Summary. In a straight Blue-Green coalition vote on December 23, Taiwan's Legislative Yuan (LY) returned the Defense Procurement Special Budget to the LY Procedure Committee where it had languished for the preceding sixteen months. The Ministry of National Defense (MND) has indicated willingness to compromise and, in accord with Pan-Blue insistence, shift the P-3C surveillance aircraft from the Special Budget into the regular 2006 defense budget currently under LY deliberation. The residue of Pan-Blue distrust and anger over the DPP legislative attack this week, however, has further muddied the LY waters and could complicate Pan-Blue hints last week of possible flexibility on the Defense Special Budget. End Summary.

[1](#)2. (C) The Pan-Green legislative "surprise attack" on Tuesday, December 20, that put the Defense Procurement Budget on the LY agenda in the absence of most Pan-Blue members (Ref A) ended this morning, December 23, when the LY voted to adjourn in a straightline coalition vote, Pan-Blue vs. Pan-Green. After some shrill speeches and boisterous demonstrations on the LY floor, the vote took place with 113 for and 100 against adjournment. With adjournment, the Defense Special Budget and two other pieces of legislation included in the December 20 parliamentary blitz (a list of presidential Control Yuan nominees and a bill to recover ill-gotten political party property) will, thus, revert to the LY Procedure Committee, the very first step in the LY bill process.

Legislative Strategies

[1](#)3. (C) In the two days after the December 20 "surprise attack," both Green and Blue coalitions worked to organize their legislative strategy for December 23. Pan-Greens, DPP legislator and Defense Committee member Shen Fa-hui told AIT, tried to talk with Pan-Blue legislators and leaders, particularly KMT Chairman Ma Ying-jeou. Finding little resonance among an angry opposition, however, the Pan-Greens turned to constructing their own LY majority vote by eliciting support from 5-6 independent and 5-6 Pan-Blue legislators.

[1](#)4. (C) Meanwhile, the KMT Chairman Ma Ying-jeou and PFP Chairman James Soong held a high-profile second meeting on December 22 (Ref B) that stole the media attention and reinforced KMT-PFP accord on the Special Defense Budget. Ma and Soong restated their opposition to the government proposal to purchase weapons like a "wealthy fool" (jungou kaizi), and Soong labeled the Defense Special Budget "a stupid military purchase," the P-3C aircraft as too "old" and the submarines as price-gouging, two-three times higher than market price. Chairman Ma also met with Non-Partisan Alliance legislators over breakfast on the morning of the vote and left telling the press that he believed they would vote with the Pan-Blue side. In the end, all independent legislators, except for one who was absent, voted with the Pan-Blue on adjournment.

Note on LY Numbers

[1](#)5. (U) The December 13 LY vote was 113 for and 100 against adjournment, thus effectively removing the Defense Special Budget and two other bills from the LY agenda. Currently, the LY has 220 members, which will increase to 221 following a March 11 Chiayi City by-election to fill one legislative vacancy. The current LY party breakdown is: Pan-Green Coalition 100 seats (DP 88, TSU 12); Pan-Blue Coalition 111 seats (KMT 79, PFP 32); and Independents 9 seats (Non-Partisan Solidarity Union 8, Non-Party 1).

MND Indicates Plans for Compromise

[1](#)6. (C) According to Taiwan press reports, the Ministry of National Defense (MND) officials are considering submitting a

revised 2006 defense budget to the next LY session beginning in February that will move the P-3C aircraft into the regular budget. This corresponds to the view of many Pan-Blue legislators that the P-3C is the only one of the three Special Budget weapons systems they can now support (Ref C). MND Special Advisor York Chen, however, told AIT, that this is just one possibility the MND and the Executive Yuan are considering, and this was leaked to the press as a trial balloon.

17. (C) TSU legislator George Liu (Kuan-ping) told AIT that the DPP "surprise attack" on Tuesday was very much a surprise move, even to Pan-Green legislators. DPP Caucus leader William Lai (Ching-te), he said, is "young and hot under the collar" and wanted to be the party hero for resolving the Defense Special Budget gridlock. Lai was indeed a hero, Liu noted ruefully, but only for about a day until reality hit. Liu fears that the whole affair will be a setback for both cross-party cooperation in the LY and defense procurement, as it has angered and alienated even KMT moderates.

Comment: Status Quo Ante, But Waters Further Muddied

18. (C) The Pan-Green legislative "surprise attack" on Tuesday made for a week of high drama and public posturing but ended where it began -- the status quo ante. While the Defense Special Budget will by definition return to the Procedure Committee for consideration, it probably does so tainted, if a bill that has been voted down 41 straight times can be further tainted. The bitter recriminations and charges of betrayal by Pan-Blue legislators and leaders following the December 20 "surprise attack" could leave a residue of even greater distrust at the very moment when renewed signs of greater willingness to compromise had begun to surface in the wake of the landslide KMT election victory on December 3 (Ref C). As many political operatives and observers have been telling AIT, however, the lynchpin in the KMT position on defense procurement, as on cross-Strait relations, will be KMT Chairman Ma Ying-jeou, whose image suffered a little from leaked criticism by former KMT Chairman Lien Chan, but gained luster from his second meeting with James Soong and his success in meeting with the independent legislators and eliciting their support.
PAAL